tract, to the effect that all necessary medicines will be furnished, but that vitamins, and liver extracts, will not be furnished by the Bureau. Had we noticed this particular Rx before payment was made, we would have requested the druggist to collect personally from Mr. Ensminger, however in as much as payment has been made, we are asking that in the future you advise Mr. Ensminger, or any of our other subscribers for whom you feel it necessary to prescribe an Rx of this kind, that the Bureau according to our contract is not liable for the payment of same.

Being familiar with contract practice, we believe you will readily see that prescriptions of this kind are prohibitive if we are to maintain our original payroll deduction of $2.00, and still furnish prescriptions.

May we take this opportunity to thank you for past cooperation in the treating of our subscribers.

Yours very truly,

(Signed) Joe L. Hicks
Manager

Klamath Medical Service Bureau

JLH:js

Dear Mr. Hicks—

I was not aware of your ruling—in fact I asked Mr. Ensminger if drugs were furnished and he said yes. I dont see how you can furnish drugs at $2.00 deduction any way. Will not make the error again and will try to keep your drug bill down as much as possible.

Sincerely

(Signed) C I Drummond M D

9663 February 15, 1944

Dale Ensminger
Eagle Point, Oregon

Dear Mr. Ensminger:

We note from billings received that on November 28th your attending physician, Dr. Drummond, prescribed for you 100 Ascorbic Acid Tablets. These tablets in reality are Vitamin C, which as you know, according to our con-

tract, are not furnished by our Bureau. In as much as the Druggist filling the prescription did so in good faith, and without the knowledge of this stipulation in our contract, we have already made payment to him, however we are asking that you reimburse the Bureau for the amount paid.

The amount payable for these vitamins is $4.25, however, if payment is made promptly we will allow you the benefit of the discount allowed us by the druggist, which would bring the net amount payable to $3.19. This is indeed a very reasonable rate for these tablets which you will see if you price them at retail.

We believe you will readily see that prescriptions of this kind are prohibitive if we are to at all maintain our original payroll deduction of $2.00, and still furnish prescriptions and other broad coverage of our contract at a time when costs are rising. May we point out that ours is the only contract now in existence in the State that still furnishes necessary prescriptions.

Sincerely hoping for your improved health, and asking that you write us if the foregoing is not entirely clear, we remain,

Yours very truly,

Manager
KLAMATH MEDICAL SERVICE BUREAU

JLH:js

Plaintiff's Exhibit 2054

9664

MULTNOMAH COUNTY MEDICAL SOCIETY

BULLETIN

VOL. 9 NUMBER 9

REGULAR MEETING

PROGRAM

May 2, 1945

Sponsored by:

Industrial Health Committee

Multnomah County Medical Society

Dr. Courtland Booth, Chairman

Medical Department, Oregon Shipbuilding Corporation and Kaiser Company, Inc., Portland

Dinner—7:30 P.M.
Administration Building,
Oregon Shipbuilding Corporation St. Johns

Paper—Health Aspects of Aluminum Ponton Work
FORREST E. RIEKE, M.D.

Tour of Ponton Shops—

(Medical Director, Oregon Shipbuilding Corporation & Kaiser Company, Inc., Portland)

May 1, 1945

9665 OPEN LETTER TO SOCIETY TELLS OF FEE SCHEDULES:

Have you had a bill to O.P.S. reduced or a request for a higher rate than is stated in the schedule of fees refused? If so you may have wondered how this was done. It was done at the recommendation of the Advisory Committee and not arbitrarily by someone in the business office.

The Committee sees many bills and has learned to "spot" those that are padded. That is an Un-Hippocratic estimation but it is true. These bills are reduced. Requests for higher rates than the fee schedule calls for are reviewed and frequently the committee refuses these requests.

The reasons for refusal are several but the main reason is that a difficult case is balanced by an exceptionally easy one, leaving the average undisturbed. On a fee-for-service basis a charge for an appendectomy or any such procedure will be quoted. This becomes a contract and the one responsible for the bill expects you to adhere to that contract regardless of how complex the procedure may prove to be.

A good example suggests itself in the requests that have come in for allowances of a larger fee for a hernia repair because the hernia proved to be a sliding hernia. If it became known that the fee for repair of sliding hernias was higher than the fee for repairing ordinary hernias, then all hernias wood soon slide and we could not prove that they didn't.

Nevertheless, your requests are given serious consideration by your Advisory Committee and that Committee is the one responsible for alterations in your bills or refusal to allow increases. Service on that Committee gives one a peculiar view of some medical problems.

Signed,

Advisory Committee to O.P.S.
Lloyd Tegart, Chairman.

9666 BULLETIN OF THE MULTNOMAH COUNTY MEDICAL SOCIETY

Published on the first and fifteenth of each month during the active sessions of the society.

EDITORIAL OFFICE Medical Dental Building, Portland 5, Oregon

BUSINESS OFFICE Ancaster 1700, 1602 S. E. Division Street, Portland 2, Oregon

Authorized by the Council of the Multnomah County Medical Society and published under the auspices of the Committee on Public Relations.

S. G. Henricke, Chairman
Homer P. Rush
Gordon Leitch
Forrest E. Rieke
Martin F. Gilmore

INDUSTRIAL HEALTH, DINNER MEETING TO BE MAY 2 PROGRAM

Dr. Courtland Booth, Chairman of the Committee on Industrial Health will head a Society hegira to Oregon Shipbuilding Corporation for the next regular meeting on the evening of May 2, 1945. The Society has accepted a shipyard invitation to dinner and a conducted tour through the shops where 4,000 workers are rushing out 4,000 half-pontons for the army. Limited dining space will handle only 110 persons so reservations will have to be accepted on a first come, first served basis. Those who attended a similar meeting a year ago will know that this industrial excursion holds promise of good eating and scientific instruction.

Dr. Booth advises that speaker of the evening is to be Dr. Forrest E. Rieke, Medical Director at Oregon Shipbuilding Corporation and Kaiser Company, Inc., Portland who will discuss the Health Aspects of Aluminum Ponton Work. The speaker, a member of this Society, is rounding out four years of full time work in Portland's largest war industry. His articles have appeared in national medical journals and his work at local shipyards has received wide approval.

New Problems

In presenting the available facts on the medical aspects of aluminum work Dr. Rieke will show how a new industrial problem is attacked by the industrial physician and the safety engineer to assure a safe and healthful working place and working personnel. Information presented will apply with equal force to aircraft construction problems.

Mr. Edgar F. Kaiser has extended his personal invitation to the Society as a token of appreciation for the job done in behalf of the thousands of Portland workers who have made construction records possible at Oregon Ship and Swan Island. Kaiser feels that local physicians have

played a most important role in this city's tremendous contribution to America's war production.

Plaintiff's Exhibit 2055

9667 MEMORANDUM

Board Meeting of Representatives of the Northwest Hospital Service Plan and the Oregon Physicians Service, held Sunday, February 4, 1945 at the Benson Hotel, Portland, Oregon

At a meeting held at the Hotel Benson on the above date, the following representatives of the Northwest Hospital Service Plan and the Oregon Physicians Service attended:

Messrs E. B. MacNaughton, R. W. Nelson, A. L. Morland, Wm. Gahlsdorf, F. F. Dickson; Dr. Stanley Lamb, Sisters John of the Cross and Elizabeth Claire;

Drs. E. H. McLean, Blair Holcomb; Ross; Joseph Brennan; Gordon Leitch;—Messrs. Willard Marshall, E. E. Rubey and Jos. E. Harvey, Jr. Clyde Foley

Dr. E. H. McLean acted as Chairman.

The meeting was called for the purpose of discussing the desirability of a coordinated plan whereby Oregon Physicians Service would underwrite a medical-surgical contract and the Northwest Hospital Service Plan would assume the liability of hospital service underwriting.

Upon motion made by Mr. MacNaughton, a resolution was adopted as follows: That it is the sense of this meeting that a joint operation in the selling of medical and hospital coverage by the Oregon Physicians Service and the Northwest Hospital Service Plan is desirable and that a committee of three representatives from each organization be appointed to immediately outline a program for acomplishing such a coordination, to be submitted to the respective boards of trustees at the earliest possible date.

Mr. MacNaughton thereupon appointed Mr. R. W. Nelson, Mr. A. L. Morland and Mr. F. F. Dickson as the committee for the Service Plan, and Dr. Ross appointed himself, Dr. Gordon Leitch and Mr. Willard Marshall as a committee to represent the Oregon Physicians Service.

Plaintiff's Exhibit 2056

9668 SPONSORED BY THE OREGON
STATE MEDICAL SOCIETY

OREGON APPROVED MEDICAL
SERVICE PLAN

OREGON PHYSICIANS'
SERVICE

(Emblem)

337 PITTOCK BLOCK
PORTLAND 5, OREGON

January 12, 1944

Mrs. Miriam Olson
Physicians Association of Clackamas County
Oregon City, Oregon

Dear Mrs. Olson:

Mr. Marshall asked the writer to investigate the problem outlined in your note of January 7, and report back to you.

I am sure that any occasion upon which a resident of Oregon City is told that he must see a Portland doctor is due entirely to misunderstanding on the part of a clerk at the First Aid Station. Early last year we anticipated just such problems as these arising at these units. We therefore made available to our subscribers at the shipyards two separate lists of cooperating doctors, one limited to Portland physicians and the other containing the names of all O. P. S. doctors throughout the state. At that time our employes at the First Aid Stations were instructed to give the state-wide list to any subscribers living outside the city of Portland. The Portland lists were to be used only for residents of this city and as a reference to obtain physicians' addresses.

At these units we have always been confronted with a heavy labor turnover, expecially in the clerical classification. It is quite possible therefore that new clerks will misinterpret or fail to understand the general policies under which referrals out of the station are made. I have asked Mr. Earl Holmes, our business manager at the Oregon Shipbuilding Corporation, to make certain that each clerical and medical employe at the unit understands thoroughly the state-wide character of our medical and hospital service. You might tell the Clackamas County Society that

both state-wide and city of Portland doctor lists are available to the shipyard subscribers and that we have
9669 taken definite steps to insure that they are being properly informed as to the availability of physicians in the towns in which they reside. Although we can be reasonably sure that this situation will be corrected we would appreciate your letting us know if any similar instances come to your attention in the future.

Very truly yours,

OREGON PHYSICIANS' SERVICE

(Signed) JOSEPH E. HARVEY, JR.
Executive Assistant

JEH/jd

Plaintiff's Exhibit 2057

9670 MINUTES OF MEETING, February 27, 1948:

Meeting was called to order by Dr. Steele. Those present were Drs. Steele, Landers, Wheelwright, Guy Mount, Huycke, Nelson, Mathews, Smith, Maire, McLean, Cleland and Mrs. French.

Dr. McLean moved that the by-laws be set aside for this meeting, and that those present be accepted as a quorom, inasmuch as all members had been notified in due time that the annual meeting was called for this date. Motion seconded by Dr. Huycke. Carried.

Dr. Steele reported that the dentists have requested an increase in certain fees, but that it was felt the Committee might be able to work out a compromise. The dentists have suggested that we are doing ourselves an injustice by sending subscribers to them for full mouth extraction in cases where it is not necessary. It has been suggested that doctors be more careful in authorizing full mouth extractions, and that they should refer patients for extraction of only such teeth as are necessary. In issuing requisitions, the doctors should incorporate in their instructions to dentists that they extract only those teeth they deem necessary.

• • • • •

Plaintiff's Exhibit 2058

9672 MULTNOMAH MEDICAL SERVICE BUREAU

PORTLAND, OREGON JULY 31, 1940

BULLETIN NO. 32

Enclosed is a graph which depicts the progress of your Bureau during the eight years of its existence. To be noted is the increase in premium income, the increase in monies available for professional services, and an administrative expense of only 8.94%.

The following physicians have become members of our staff in the past quarter; total staff now numbers 323:

PORTLAND: W. M. Killingsworth, Leon F. Ray, Earl L. Lawson, P. E. Hale, R. Yorke Herren, Frank B. Packard, C. W. Kuhn, P. L. Dewmyer, Frank E. Butler, and Jesse L. Ray.

CENTRAL OREGON:

BEND: C. J. Rademacher, J. W. Thom, Fred A. Lieuallen, R. W. Hendershott, J. C. Vandevert, Robert W. Hemingway, Max Hemingway, Paul Woerner, Harry E. Mackey, and P. W. Chernenkoff.

REDMOND: R. W. Christiansen, Howard A. Wells, and Raymond F. Jones.

PRINEVILLE: Edward C. Wall and J. H. Rosenberg.

During the past quarter morbidity was decreased, especially in Multnomah County, the effect of which is shown in the following fee percentages:

MULTNOMAH COUNTY, 70%
COLUMBIA COUNTY, 50%
WASHINGTON COUNTY, 50%

The process of eliminating prescriptions from our contracts is progressing. At present we have over 125 contracts in effect without drugs, except of course when the subscriber is hospitalized. Staff physicians are urged to cooperate by using their private prescription blanks for all subscribers who present themselves with the *yellow* treatment requisition, which identifies the contract as a *no drug* contract. Your office secretary should be in-

structed to make a notation on the history cards of subscribers presenting *no drug* slips. The enclosed inexpensive sticker if affixed to the patient's history card will inform the doctor that the patient is not entitled to prescriptions. *No drugs* applies to all materials used by injections, such as theelin, intravenous iron, vaccines, etc. When a patient under a *no drug* contract is referred to a consultant, please state on the reference slip that it is a *no drug* contract. When in doubt, please phone this office. Industrial injury cases requiring medication will receive same at our expense.

As noted in Bulletin 30, please request authorization for X-ray from this office *before* sending the patient to the X-ray laboratory, so that we may determine liability before expense has been incurred.

In case of discrepancies in your payments, we request inquiry in writing rather than by telephone. In order to conserve the time of our bookkeeping force, please give the name of the *employer* as well as of the employe in these communications. Our books are now closed to all bills for services rendered prior to April 1, 1940. We again invite attention to the Board ruling which inflicts a 10% penalty on bills reaching this office after July 10 for the quarter just ended. Your bills for the current quarter must reach this office before October 10, 1940, to avoid penalty.

Physical examinations prior to acceptance of a subscriber will shortly be put into effect. The procedure will be announced in a special bulletin at an early date. We must again emphasize the following facts:

You are paying your patient's drug bills,
You are paying your patient's hospital bills,
You are paying your patient's X-ray bills,
You are paid from what is left.

MULTNOMAH MEDICAL SERVICE BUREAU
F. H. DAMMASCH, M. D., Medical Director

Plaintiff's Exhibit 2060

9679 C
O
P
Y

November 1, 1944

Re: Jerry DeMuth

State Industrial Accident Commission
Portland, Oregon

Gentlemen:

This individual came to Emanuel Hospital on 9-25-44 following an injury a few days previously at the Roseburg Lumber Company, as a result of a truck accident on 9-21-44. He received a blow to the right side of his head, resulting in a jagged laceration and cerebral concussion, but no skull fracture. There was a long, contused laceration across the anterior aspect of the right ankle, extending into the ankle joint, completely severing the tibialis anticus, tibialis posticus and all the common extensors of the toes. There was also a fracture of three ribs on the right side.

The wound in the right foot was treated by a local physician and loosely sutured and a note sent with the patient that no attempt was made to repair the tendons. Upon arrival at the hospital, the patient's general condition was such as to prevent going ahead with surgery immediately. There was still some residual from his cerebral concussion, a marked secondary anemia, but no fever. The patient had complete motor loss of the right upper extremity, extending into the thoraco-scapular musculature but complete sensory function was present. In order to have such findings, it was my opinion that the patient must have a hysteria. According to his statement, he evidently had a dislocation of the right shoulder which was reduced by the first physician who saw him, and after this reduction the paralysis came on immediately. There was no evidence of damage about the brachial plexus and such injury, of course, would hardly cause such a lesion.

The patient was treated with blood transfusions and when his condition permitted, he was taken to surgery and the wound across the anterior aspect of the right ankle, which showed no evidence of infection, was opened. The details of this operative procedure will be found on the operative record.

The patient ran some fever post-operatively and there was slight slough of necrotic tissue from the wound. However, this is almost healed now and the right ankle is encased in a plaster cast. Motor function is gradually returning to the right upper extremity and the patient is getting physiotherapy for this extremity. The cut on the head has healed. There are very few symptoms remaining referable to the fractured ribs.

9680 It is my opinion at the present time that this patient will have a complete recovery so far as his head, chest and right upper extremity injuries are concerned, but there is very likely to be some chronic fibrosis with limitation of motion and possibly loss of muscle function, particularly in the tibialis posticus at the right ankle.

Very truly yours,

E. G. Chuinard

EGC:ck

9681 PORTLAND 4, OREGON, MP 9/14/46 - 194.....

NATIONAL HOSPITAL ASSOCIATION
732 S. W. THIRD AVENUE
PHONE ATWATER 5291

IN ACCOUNT WITH

Mr. Ray B. Compton
Attorney at Law.
Roseburg, Oregon

CHECK NO. 6094

AMOUNT $ 225.00

The enclosed check is in payment of the following:

For payment of account of Jerry DeMuth—services by Dr. L. M. Lehrbach ..... 9/21/44 DE.	150.00
For payment of account of I. C. Doak—services by Dr. L. M. Lehrbach ..... 12/5/44 DE	75.00
	225.00

Roseburg Lumber Co.

letter/meb

9682 September 13, 1946

Mr. Ray B. Compton
Attorney at Law
Roseburg, Oregon

Re: I. C. Doak and Jerry DeMuth
Roseburg Lumber Company

Dear Mr. Compton:

The National Hospital Association is accepting your proposal of August 15th for payment of the Jerry DeMuth and I. C. Doak accounts, and you will find our check enclosed.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

C. C. Bechtold
General Manager

CCB:meb

Enc.

9684 6359

6094

NATIONAL HOSPITAL ASSOCIATION

TOP FLOOR MOHAWK BUILDING, PORTLAND, OREGON

SURGEON'S TREATMENT REPORT

N.H.A. Case No._____

Form 30 Please give information requested below as completely as possible and submit bill as soon as patient is discharged.

Case of Jerry De Muth

Address Roseburg, Oregon

Employer Roseburg Lumber Company

Nature and Extent of Case (Information must be complete and definite) See below -also attached slip

Is this condition the result of an injury during employment? Yes

Have you reported this case to the State? No If not, why?

If injured away from work how did injury occur?

Was there any evidence of intoxication at time of injury? No

If X-rayed, state findings

Plates, films, or prints must accompany charges for X-rays.

Do Not Write Below

Approved for Payment	Audited	Checked

Date of Treatment		NATURE OF TREATMENT RENDERED MUST BE SHOWN	Charges	
1944		Mileage_____ Miles @ _____ per mile		
Sept	21	First hospital visit 4:30 P. M. to 8:45 P. M.	-	
		Plasma	10	
		Complete severance by fracture of right ankle joint		
		Repair joint-tendons (3) tissue etc.	130	
		Subluxation of right shoulder joint flat fee	35	
		Fracture of 4th and 5th ribs -reduced	10	
		Three large lacerations of scalp-One with complete	15	
		denudation. Numerous abrasions all over body. Three		
		puncture wounds around right eye-in upper part of lid,		
		bridge of nose and below eye. $150 on account	$200	00

Patient presented National Hospital Association Certificate No. 1504 issued by Roseburg Lumber Co. (Name of Company) hereto attached. (The Association will not honor charges unless accompanied by N.H.A. Certificate.)

Patient was referred by me to _____ for further attention.

I hereby certify that I rendered services as itemized herein to patient whose name appears above, that all of said services were necessary and were rendered for the above stated condition, that the date of my last and final treatment was _____, 19__, and that patient was able to resume work beginning on the _____ day of _____, 19__

Dated October 23, 1944

Signature L. M. Lubbach, M.D.

Address Roseburg, Oregon

Plaintiff's Exhibit 2061

9685

L. M. LEHRBACH, M. D.
SUITE 211 MEDICAL ARTS BLDG.
ROSEBURG, OREGON

March 13, 1945

National Hospital Association
Portland, Oregon

Dear Sirs:

Your letter 3rd inst received. In reply will state that when I am called on an emergency of the type of these cases I expect to have the charge and responsibility of these cases to their conclusion, except such a possibility that I may desire to refer a case later. Accordingly I figure the fees for these cases on O. P. S. or S.I.A.C. schedules, and make a charge therefore for the conduct of such case. If for any reason these cases are removed from my care without reason or without my consent I still maintain the charge. I have known all along that it is your policy, in case a patient will require prolonged or expensive care to have such patient removed at once (of course after the real work has been done) to your "specialists", and then attempt to belittle the work done by the first attendant physicians. I will not concur in this practice and I feel that I am entitled, under the law, to my fees. Also if you think it over carefully, there is no obligation on my part to abide by any fee schedule but the one regulating my regular practice. Both of these cases were in pretty serious condition at the time I saw them, and I tried to do my very best for them, repairing and dressing a large number of lacerations for them, treating shock and in general doing for them what I would have done were they my private cases and financially responsible to me (which they still are). Now you have contracted to take care of the medical and hospital expense of these men and it is for you to decide whether you do or not. I will not be loser in any event because the employer is liable in case he neglects or refuses to furnish adequate insurance to his employes and we still have courts.

Incidentally I note it is almost 5 months since you were billed for this case. Prompt payment which you stressed so strongly about a year ago should not be over 30 days.

In Doaks case it is 3 months, also not very prompt. Ask

Mr. Bechtold if he recalls a long distance conversation with me slightly over a year ago?

Also it would please me much to know who are the orthopedists mentioned in your letter, and who is the eye specialist who removed the eye, on December 14th, and which eye was removed, as he only had one after December 5th. Also I would like to see the note I am supposed to have sent in with DeMuth.

Please let me know what you are going to do, and soon, so I can get busy on this matter.

Respectfully,

(Signed) L. M. LEHRBACH
L. M. Lehrbach, M. D.

LML/ril

9686 April 20, 1945

Dr. Bertram R. Shoemaker
Roseburg,
Oregon

Dear Dr. Shoemaker:

I am enclosing copies of correspondence with Dr. L. M. Lehrbach relating to charges for services which the Doctor rendered two employees of the Roseburg Lumber Company, who met with rather serious injuries.

As we understand the Association is receiving some criticism from Dr. Lehrbach, and as the matter concerns a question of fees in which we have a mutual interest with all of the Roseburg doctors, we feel that you and they should be acquainted with the controversy.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

C. C. Bechtold
General Manager

CCB:K
Encls

9687 April 4, 1945

Dr. L. M. Lehrbach
Suite 211, Medical Arts Building
Roseburg, Oregon

Dear Dr. Lehrbach:

We are in receipt of your letter of March 13th in which you ask for the names of the doctors who treated Jerry DeMuth and I. C. Doak in Portland. In reply, Mr. DeMuth was under the care of Drs. Lucas and Chuinard, orthopedists; Mr. Doak was under the care of Drs. J. D. Leonard and W. C. Foster, general surgeons. Dr. Ira Gaston, an eye specialist, and Drs. Raaf and Dowe, neurologists—all, I am sure you will agree, being recognized men in their particular work.

In answer to your reference to these cases being treated in Portland, the National Hospital Association did not remove the cases to Portland, as you imply, but we believe you will agree that the condition of both cases was of such a nature as to suggest the attention by specialists. And, while we feel that you did all you could in the short time these men were under your care, we have wondered why consultation was not requested while they were in Roseburg and why Dr. Seeley, who we believe is a qualified specialist, was not called to attend Mr. Doak for the injury to his eye.

I am sorry that payment of these accounts has been delayed which, however, was occasioned by the fees which you charged. But, if you are willing to accept the payments which we proposed in our letter of March 2nd, we shall be glad to send our checks without further delay. However, if you still feel that the payments which we offer are not fair, may we suggest that the question be referred to the State Industrial Accident Commission, and the Association will be glad to pay whatever charges the Commission would assume under like circumstances.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

C. C. Bechtold
General Manager

CCB:K
c.—Rose. Lbr. Co.

9688 March 2, 1945

Dr. L. M. Lehrbach
Roseburg,
Oregon

Dear Dr. Lehrbach:

In checking over your bills in the cases of Jerry DeMuth and I. C. Doak, we find that the charges seem rather high and out of proportion to the regular industrial fees.

In the Jerry DeMuth case, you report having been in attendance from 4:30 to 8:45 in the afternoon on September 21st, and make a charge of $200.00—and include in your charges repair of three joint tendons. But, the orthopedists who attended this patient in Portland report that you sent a note with the patient, stating that you had made no attempt to repair the tendons. Considering the time you were in attendance in this case and the work that was done, we feel that the fee should not be in excess of $100.00.

In the case of I. C. Doak, you report having been in attendance from 3:30 to 7:30 in the afternoon on December 5th, with a return visit at 9 o'clock, for which you make a charge of $100.00. You itemize your services as repair treatment of multiple body lacerations and puncture wounds, and include "enucleation of the right eye." In a statement from the eye specialist, however, we find a report that the eye was removed on December 14th, eight days after he entered the hospital here. It would appear that the major treatment and care for the lacerations and puncture wounds were furnished by the surgeons and specialists after he reached the hospital here. Therefore, in keeping with the fees and regulations of the State Industrial Accident Commission in similar cases, we feel that $50.00 is a proper fee in this case.

We shall be pleased if you will review these two cases and advise us if you find that we are not correct in our analysis of them.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

C. C. Bechtold
General Manager

CCB:K

9689 November 25, 1944

Roseburg Lumber Company
Roseburg, Oregon

Re: Jerry Demuth

Gentlemen:

Reporting further on the case of Mr. Jerry Demuth, who was injured September 21st and referred to the Emanuel Hospital in Portland on the 25th. The doctor in charge of the case advises Mr. Demuth's general condition is considerably better and there is a marked improvement in his right arm and hand. The ankle, however, is still quite a problem and the doctors are undetermined at this time the final outcome. We will be pleased to report from time to time any improvement.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

Elizabeth Magoon, R. N.
Welfare Department

EM:bcs

9697

LAW OFFICES
RAY B. COMPTON
ROSEBURG, OREGON

August 15, 1946

National Hospital Association
Mohawk Building
716 S. W. Third Avenue
Portland, Oregon

Attention Mr. C. C. Bechtold

Gentlemen:

Something over a year ago we had considerable correspondence regarding claim of Dr. L. M. Lehrbach on account of taking care of some employees for the Roseburg Lumber Company, in which you had offered him $150.00 and he demanded $300.00.

Dr. Lehrbach advises that you called him up with a view to trying to compromise the claim. In looking at all the correspondence and talking with the Dr., I am con-

vinced that probably both you and he are absolutely honest even though you don't see a thing the same way. Where one claims he owes $150.00 and the other claims he owes $300.00 and they try to compromise, then they split the difference and come to $225.00. The Dr. authorizes me to advise you that if you will send $225.00 that he will accept it in full compromise settlement.

If you do not send it to him, I am instructed to bring action against the Roseburg Lumber Company who called him on the cases.

Very truly yours,

(Signed) RAY B. COMPTON

RBC:elw

9698 September 13, 1946

Mr. Ray B. Compton
Attorney at Law
Roseburg, Oregon.

Re: I. C. Doak and Jerry DeMuth
Roseburg Lumber Company

Dear Mr. Compton:

The National Hospital Association is accepting your proposal of August 15th for payment of the Jerry DeMuth and I. C. Doak accounts, and you will find our check enclosed.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

C. C. Bechtold
General Manager

CCB:meb
Enc.

Plaintiff's Exhibit 2062

9706 (WESTERN UNION TELEGRAM FORM)

Long Pra 106 Pd = Portland Org 25 401P

1947 Mar 25 PM 4 52

Dr Raymond M McKeown=
Coos Bay Org=

Please communicate with Senator William E. Walsh immediately preferably by telephone otherwise telegraph in substance as follows: Earnestly urge you oppose Senate bill four two seven. This bill sponsored by a single commercial hospital association makes it a misdemeanor subject to fine up to one thousand dollars for any person to make any contract combination or conspiracy in restraint of an hospital association. Bill subjects physicians to criminal proceedings but gives hospital associations complete latitude to interfere with the practice of physicians. Doctors should not be subject to legal coercion to work for any hospital association under threat of criminal prosecution. Every physician should be free to determine for himself the organizations he wishes to serve.

Robert L. Benson, MD
Chairman Committee on Public
Policy Oregon State Medical Society

Plaintiff's Exhibit 2062-A

9707

Meeting: May 27, 1941 Board of Directors Coos Bay Hospital Association 8:00 P. M. Office Dr. L. Johnson, Hall Building, Marshfield, Oregon

Meeting called to order by President Leslie G. Johnson. There are four members present—Dr. Geo. Dix, Dr. D. Long, Dr. E. Keizer, and Dr. L. Johnson.

* * * * *

Motion made and seconded that any attending physician of the C. B. H. A. referring an employee under C. B. H. A. to an outside physician must have said patient consult with any one of the three Dr. members of the Medical-Surgical Committee. This Doctor to give complete report

to Medical-Surgical committee of his findings and they in turn to determine whether or not patient should be referred to outside physician. Patient authorized to see outside physician must present to Dr. Referred to, Attending physicians diagnosis of said patients case and all x-ray and lab. findings. Motion carried.

* * * * *

Plaintiff's Exhibit 2064

9709 Oregon State Medical Society

HOUSE OF DELEGATES

75th Annual Session

October 12, 1949
Eugene

In appointing the Committee on Credentials, the Committee is Dr. Werner E. Zeller, Chairman; Frank P. Girod, Thomas J. Higgins. The Committee will consult with Mr. Foley, and report back as promptly as possible. It will then convene again.

The 75th Annual Meeting of the Oregon State House of Delegates will now come to order. I have that on the authority of Gordon Leitch that it is the 75th. It is on the Agenda. I want to say in justification of my standing here as Speaker of the House that the office of Speaker of the House was created several years ago for the purpose, chiefly, of permitting the President to roam about, carefully of course, and meet with committees and listen to the gripes and the compliments of the House of Delegates. I am the figurehead, I simply conduct the meeting. So when you have problems don't talk with me talk to the President, Dr. Kent.

We shall now have the report of the Committee on Credentials. Dr. Zeller. And, by the way, when your name is called will you please stand so we can recognize you? Dr. Zeller.

Mr. Speaker, I will now read the list of names of the Delegates, the Council and the Society, and following that the list of names of the members to be seated in place of those members who did not show up from their respective counties. Council member Dr. Leslie Kent, Dr. James Buckley, Dr. Edwin Kirby, (say "here" please) Werner Zeller, A. O. Pitman, Dr. Blair Holcomb, Dr. John

Cleland, (He's here someplace—He's here but he stepped out), Dr. Jon Straumfjord, Dr. M. E. Corthell, R. Wayne Esperson, Dr. Charles Holman, Dr. Edward McLean, Dr. R. M. McKeown, those are the names of the Council.

The delegates: Dr. Thomas, Higgins, Baker; Dr. Adolphe Kerbel, Clatsop; J. D. Rankin, Coos and Curry; John B. Easton, Eastern Oregon; Dr. Donald Mackie, Jose-
9710 phine County; now, in order to bring you up to date on the work of the next Committee, let me remind you that at the last session, the Annual Session, in Medford, Dr. Kent appointed a committee of 60 to study the operations of O. P. S. This committee met, I understand, spent a lot of time and reported at a meeting of the State Council on their findings and on their recommendations. The State Council did not wish to pass judgment on this report and referred it to the midyear meeting of the House of Delegates, Portland. A reference committee at that time was appointed, the personnel of which I can't recall, Mr. Foley has it, but this committee studied the report of the 60 members, of the committee of 60, reported to the House of Delegates, but the House of Delegates decided at that time not to vote on the report of this committee because many members of the House of Delegates had not had an opportunity to study the whole situation. Therefore, it was voted by the House of Delegates to refer to this Annual Meeting and now we shall have the, I shall ask permission of the House to appoint a special committee of five members to act as a hearing committee, or as a reference committee. Now reference committees haven't always functioned as they are supposed to function. Let me remind you that this particular committee and any committee that has a debatable subject for consideration should advertise that they are holding hearings at a definite time and place so that any of you that have special ideas or gripes or compliments will have an opportunity of presenting your subject to the Special Reference Committee. So that when the Reference Committee comes back to report on Friday morning anyone will have had an opportunity by that time to present his point of view to the special Reference Committee. Now the machinery for the operation of this Special Reference Committee can be set up, and should be set up today, and notices posted as to where the committee will meet, time and place. I would like then to have the motion for permission to appoint this special Refer-

ence Committee on matters relating to Oregon Physicians' Service. It has been moved—second the motion, and seconded that the Chair appoint a committee of five. The Committee has already been selected. The Committee is: Dr. J. D. Rankin, Chairman; Dr. T. L. Hyde, Dr. Arch W. Diack, Dr. A. J. Kerbel, Dr. A. O. Pitman. Once
9711 more: Rankin, Chairman; Hyde, Diack, Kerbel, Pitman.

It has been moved and seconded that the Chair appoint this committee. All in favor signify by the usual sign.

Well, we must not work too fast.

The next order of business is the appointment, or the election of the Nominating Committee of not more than five members. Do I hear any nominations? Gordon Leitch. Dr. Upjohn, Dr. Pitman—that's three—Dr. McKenzie—four—Dr. Howard Emmerson. Move the nominations be closed. Is there a second? Moved and seconded that the nominations be closed and Secretary be instructed to cast an unanimous ballot. All in favor of the motion as stated—contrary—so ordered. Nominating Committee—I thought the Secretary was supposed to write these down—alright we have got to have those names again. Dr. Emmerson is one, Dr. Leitch is Chairman, Dr. McKenzie, Dr. Pitman and Dr. Upjohn. Is that correct?

Report of the Board of Directors on the Oregon Physicians' Service (mimeographed copies have just been distributed, or are being just distributed. Is that right? Is there anyone who wants to discuss this mimeographed report? A member of that Committee. Gordon do you want to say anything about this mimeographed report that is just going out.

I have nothing to add I believe Mr. Foley is the one that probably knows most about it.

The report of this Committee will of course be taken up and studied by the special Reference Committee along with any other suggestions that may arise. At 8:30 approximately, we shall have Mr. Coughlin and Mr. Jaureguy. At that time we shall go into an executive session and exclude from the room everyone who is not a delegate or an officer, or member of the Council.

In the meantime, we shall have a short—not over five minutes—report or presentation

Oregon State Medical Society

HOUSE OF DELEGATES

75th Annual Session

October 13, 1949
Eugene

Although some of you haven't finished your breakfast we had better start the meeting, we have a lot to do—while we are waiting for Mr. Foley and Mr. Miller to get the list of some of the delegates that were not here yesterday but are here today, I want to make some announcements.

Gordon Leitch, Chairman of the Nominating Committee, has asked me to announce that there will be a meeting of his committee consisting of Dr. Pitman, Dr. McKenzie, Dr. Emmerson, and Dr. Upjohn in this room, in this corner, immediately after the House of Delegates meeting.

The Committee on New Business, chairmaned by Dr. Easton, consisting of Dr. Miller, Dr. Carothers, will meet also in this room, in this corner, far enough apart.

Now, the committees are really working. After the admonition that I dropped into the lap of the House of Delegates yesterday morning, the committee members came over after the meeting and said, "Now what are we supposed to do?" And they got to work right away.

The Committee studying O. P. S., chairmaned by Dr. John Rankin, held three hearings yesterday. Has Dr. Rankin came in yet? They spent eight hours.

There are some new men here today in the House of Delegates. The report of the Committee on O. P. S. will not be made until tomorrow morning when it will be debated on the floor of the House and I would suggest, with the acquiescence of Dr. Kent, that additional hearings of that Committee be held today to give everybody a chance that has a gripe to put it before the committee and not go off in a corner and talk about it to your friends. Go to the Committee. The hearings are held for that purpose.

Mr. Jaureguy and Mr. Coughlin, legal counsels for the Society, addressed the House of Delegates yesterday morning, announced that they would be very happy to
9713 have the comparative right straight down to county level and by working together in such a manner that the duties of the next committee this coming year will see then the organization the plan of operating the

program for postgraduate courses in cancer along these lines.

If the next three members take only five minutes apiece, my face really will be red. I hated to shorten your report Dr. McKirdie but I don't know how long Dr. Martzloff will take, and this is in the measure of a general warning, or Dr. Kullberg, or Dr. Lamb. We will next hear from the Committee on Malpractice. Dr. Martzloff, chairman.

Mr. Chairman, ladies and gentlemen, this Committee will not try to make your face red Mr. Chairman, and after hearing Dr. McKirdie's beautiful, orderly report, I thought I might make my report very unorderly. So I'll begin on the last my report and call attention to the fact that this composed of myself, Dr. E. Murray Burns, C. Elmer Carlson, and I cannot pass the chance to the best of these men. I appreciate their endeavors. It has been a hard-working committee. The work of the committee is very often embarrassing. E. Murray Burns and Elmer Carlson have been very staunch, dependable workers. They understand the work of the Committee, and nothing that is asked of them is too much for them to do. I go now to the next to the last paragraph on the last page of this report with three names on it where the committee expresses its appreciation to Mr. Pownall, Mr. Robert Shimmin and Mr. Hugh Biggs. These individuals of course are with the Metropolitan Insurance Company who are administering the state malpractice insurance plan. These right hand men are not only gentlemen in the true sense of the word and those are those are the kind the doctors like to see in but they are men who represent individually highly qualified and specialized technicians and each man is doing a very satisfactory job, and I think we are

Now, I am going back to the first page—The financial aspects of this report is based upon an annual year to year basis from January 1 of one to January 1 of the next. Tabulation on Page 2 runs from September of the preceding year to September of this year. So adds a little confusion if you are not careful. Our experience for the fiscal year ending December 31, 1948 shows no improvement over the year 1947, financially. In fact the incidence of suits and claims to the number of insured is now
9714 2.7% as as against 1.8% for that year. Our total losses for this year are also somewhat greater than for that year although our actual loss ratio in relationship to premium income is less than in 1947. It sounds contradictory but it isn't and I'll come back to it a little bit

later. It was felt when this scheme started that over a period of five years we would develop an experience curve so that we would know which or what would transpire in the next five years. The insurance carriers felt that way, and it is interesting that most insurance carriers don't know very much about the actual experience of malpractice insurance. It is on a catch as catch can basis as is automobile insurance and all that they know is that the money comes in and the money goes out and when it goes out they have to raise the rate but they don't know why. Maybe we don't know why but we know a little better I think than the insurance carriers.

So, over a period of 14 years we have been struggling with this plan now that it takes a long, long period of experience in the front-line trenches to even gain a (Illegible) of experience for this (Illegible) and basic forecast. So as we say in the third paragraph it is difficult to forecast what the trend is going to be in malpractice losses and premiums for premiums ultimately reflect losses. The years 1947 and 1948 with two exception represent two of the worst years for losses in our entire fourteen years experience. This is due to several factors such as the higher cost of living which is reflected in higher cost of settlements, a malpractice minded public, and finally and most important, the continuing high incidences of non-defensible claims where negligence on the part of a physician is so obvious that no competent medical testimony can be obtained to offer an acceptable defense. I should mention here that this Committee always feels free to call on various members of our Society to act as consultants and councillors on special types of malpractice problems. So that we may know, if the case comes to trial, what type of testimony we can enter that is honest, confident testimony to offer in the situation. Then, I want to refer again to the fine type of response which brings forth the character that has not yet been in a position to have his fee given his time, time and time again to this particular work in the

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9715 Meeting of House of Delegates
Eugene, Oregon

October 14, 1949

For the discussions to be brief. There won't be very much discussion the way everything looks.

No. 1, report of the delegates to the American Medical Association. Our two delegates as you know are Dr. McLean from Oregon City and Dr. Ray McKeown of Coos

Bay. Dr. McKeown will give the report. We will now hear from Dr. Ray McKeown.

Dr. Zeller has some delegates to be seated first. Dr. Charles Campbell from Salem representing Marion-Polk Counties, Dr. Arthur C. Jones of Portland, John Carter of Portland, Dr. Joseph Hasslinger all of Multnomah County Medical Society, to be seated as delegates, and so moved. Seconded that delegates be seated. All in favor signify by the usual sign. Contrary. So ordered. Dr. McKeown.

Mr. Speaker, members of the House of Delegates, the report of the delegates should be extremely (Illegible) there were so many things occurred at Atlantic City. They were too numerous to tell you all of them. Our impressions, comments would take a great deal more time than we have been allotted. Possibly the best thing to do would be to pick out one or two or maybe four items and concentrate on them. But that became even more difficult because so many things were important. Finally we decided to prepare a report around two items, that in our opinion were of fundamental importance to the State Society, would be the best solution.

When we reached the annual session of the American Medical Society in June in Atlantic City could the turning point in American medicine (Illegible) American scene. Detailed minutes of this important meeting are readily available in the Journal of American Medicine. A preliminary report of your two delegates from Oregon was made to the executive council of the State Society last July by Dr. Wells Baum, Salem, alternate delegate for Dr. E. D. McLean of Oregon City. Present at the convention were Dr. Leslie Kent, our retiring President, Dr. James E. Buckley, our President-Elect, Mr. Clyde Foley, our executive secretary; Mrs. George Varney, President of the Ladies Auxiliary, and Dr. John Fitzgibbons, Trustee of the A.M.A. from Oregon, an exceptionally well-balanced and capable representation.

9716 On Monday, June 6, when the Board of Trustees of the A. M. A. rather suddenly and to our extent rather unexpectedly announced their future policy looking forward to the resignment of Dr. Maurice Fishbein. As you know, Dr. Fishbein has been a bone of contention for many years. And possibly you don't know the California delegation were prepared at Atlantic City to introduce a number of resolutions which if they were success-

ful would have led to the retirement of Dr. Fishbein. Apparently the more level heads in the A. M. A. decided that was hardly the proper procedure and so the Trustees took the action that I regret. I believe you will find more details on that in the A. M. A. Journal. A feeling of relief seemed to permeate the House of Delegates after this question had finally been settled. The next day, Dr. Baum and myself attended the special reference committee on a short plan of medical service chairmaned by Dr. E. Vincent Askey, delegate from California. Drs. Kent and Buckley also attended this important meeting. Two particular subjects discussed at length by the reference committee were firstly, a list of 20 suggested for lay sponsors voluntary prepayment health plans, and secondly, the proposed preparations of the associated medical care plan of the American Medical Association. Both of these proposals were finally approved by the reference committee and later submitted to the House of Delegates by Dr. Askey. There they were again approved with only 30 states with Utah, New Jersey and Oregon re

Now it is very important in this and in your consideration of the A. M. A. that they realize how the A. M. A. operates. They operate through reference committees. The House such as we are seated here, the resolutions are introduced to the speaker, he very quickly refers them to the proper reference committee, the reference committee then adjourns to a room some where removed and holds hearings. They then decide in their opinion accept or reject the resolutions presented to them, they bring it back to the A. M. A. to the House of Delegates. I meant to say and the chairman presents the resolution approved or disapproved and the House then holds. Consequently, this reference committee was important as are all reference committees and their decision to accept these 20 yes votes as well as separation of the A. M. C. P. was approved by the House. It is highly important that the full implications of these two subjects is appreciated by the Oregon House of Delegates. Many Oregon doctors
9717 are not aware that there are at least 89 cooperative, that is medical cooperative, and 31 states operating their own prepaid medical plans. Dr. Ashland from the Medical Clinics, Dr. Lang from the cooperative plans. It is a subject (Illegible) it is the intent of these principals, and a part of the principal that was passed, to regulate these coops in a manner satisfactory and agreeable to the A.M.A.

As our Dr. Wells Baum presents this I am sure that we are going to have many lay-sponsored voluntary health plans in this country. I see no objection to the A. M. A. outlining the principals. I do see objections however, in the manner in which these principals are to be used. I am fearful of any medical society ever approving "any organization". I believe that it would be much better to use these principals as a guide to evaluate any health plan and to criticize or disprove those which do not meet the standard. It would appear that we are in the unusual position of approving competition to doctor-owned plans and furthermore telling our competitors through our 20 principals how to operate their business. In separating the A. M. C. P. from the shelter of the A. M. A. and important thing in our opinion, the House of Delegates introduced the possibility of a national insurance agency could easily and destroy all of our existing local, state and independent plans in Oregon as well as elsewhere. Such as, the O. P. S., the Klamath Plan, the Eugene Plan, and the Coos Bay Plan. It is quite possible that these two proposals may separate the 20 principals and secondly the separation of A. M. P. C. from the A. M. A. may prove to be in violation of presently existing state insurance laws and that legal complications may subsequently accrue that will be highly embarrassing. It is also possible that the House of Delegates of the A. M. A. by their approval of these two principals or two proposals may not open the door to the eventual establishment of a socialized medical plan only too easily drawn into a so-called welfare state. It is further possible that the execution of these two proposals may lead to a high degree of lay owners and renegade doctors of medicine. Installed in a private practice of medicine in this United States. Now that is rather strong and intentionally so because we wish you to fully appreciate what was done. Too few men and women in the practice of medicine in this state of Oregon have paid (Illegible) and its high time some one besides them is waking up to what is going on and helping them out a bit.

9718 In my opinion, the advocates for these two proposals pressed particularly by one Dr. L. Howard Gryper, delegate from Ohio, and he concentrated on the A. M. P. C. separation, are so far removed from the concepts from the average American practitioner of today that they would be well advised to review their conscience

see whether (Illegible) may lead them and us. Truly I am reminded of the old Biblical saying, Forgive them O Lord for they know not what they do." One was impressed with the lack of discretion in the House of Delegates of the A.M.A. concerning these two proposals when they were introduced by the reference committee chairman, Dr. Askey, from California. It could well be that those who had discussed the subject before the reference committee hearing had nothing more to add when it was brought before the House of Delegates. Later the final vote taken by the House of Delegates of the 45 states for the proposal and 3 opposed, Oregon, New Jersey and Utah, was simply amazing. Now remember that, 45 states for these proposals and 3 against. Let us consider the result of this vote in terms of the results of our efforts to prevent such a land slide. For some time our feeling in this case has been one of complete and wholehearted opposition to the establishment of a national Roman agency. We have believed that (Illegible) it but the entering wedge of national socialization of medicine. There are a few working in this state who have worked long and tirelessly and at a great personal sacrifice to inform us of the profession of these undesirable implications. They have used all acceptive channels through which to express their beliefs. And yet the results are shown by this vote are far from satisfactory. 45 for as compared with 3 of us against. I hasten to add that they are far from beat and I feel confident that when a full appreciation of the point of view is realized by the House of Delegates of the A. M. A. they will amend or completely correct them at a later convention. Still it is obvious that the 45 who did vote expressed the failure of our program to accomplish its purpose to date. It is necessary then, to ask ourselves why were the advocates of the so-called private group so successful. Why would they want 45 states to support their proposal while we travelled the rather lonely road with two other states. Well, in reply to this the group is more realistic bigger opportunists, more fluent speakers, and possibly above all more in step with the rest of the changing American scene. They had a definite positive program theoretically and ap-
9719 proved by the entire United States. We offer no such plans. They (Illegible) exactly, briefly and to the point. We tended to work with (Illegible) We compare it at least by interest that there was no emergency in medical care while our opposition agrees that it existed and set

out to correct it. I agree with their procedure but I cannot help but smile at their methods. They say that we are (Illegible) an old political conniving well covered with 5%ers and they are beautifully (Illegible). I don't think I can emphasize that too much. They were united and they are all together and believe you me they have a strong and powerful organization. We are confronted with the urgency to strengthen our stand on the national scene or accept defeat. It will not be possible for us to argue. When the finger of time is levelled against us that we did not see what needs to be done. Neither will it be possible for us to say that there was nothing that we could do I am firmly convinced that as we as a group were determined to hand out a medical order in which we as individuals should be capable of living and working in dignity and freedom and self-respect the actual opportunity for realization of our own potentialities as human beings that the thing would be and could be done. Your delegates Dr. McLean, Dr. Baum, Dr. Martzloff and myself respectfully request this House of Delegates to immediately direct your state President to establish forthwith a special committee which shall be known for want of a better name, as the Committee on Medical re-Planing. Or by some more designation. And that the Presidents of our component medical societies shall be among those selected as members of this committee. Now there are I am informed 25 presidents of that could be available. That is quite a group but I think necessary, and further that the expenses incidental to the attendance of each of these component society presidents shall be met by the component societies themselves, and further that this committee shall elect its chairman from one of its own members who shall serve from Annual Session to Annual Session, and further that this committee shall develop forthwith using all available talent a revitalized, reorganized plan of medical care to be known temporarily for want of a better term, to be known henceforth as the Oregon Plan of Medical Care. *Furthermore all Oregon delegates, regular and alternates, are to be made members of this committee that they may thoroughly understand the development of the Oregon Plan* later introduce it to the next annual session of the A. M. A. in San Francisco. In the interval every possible means
9720 shall be used to inform the medical men over these United States as to the basic desirability of such plan and the expenses incident to this educational program

may be met, if need be, by special assessment on the members of the state society which shall however never exceed the sum of $10 per member. The real obstacle in all this is the obstacle of will and not of matters. Unless we are careful those who follow us shall say we did not propiciously desire freedom. It is true that individual freedom today at times seems to be a lonely journey, each man for himself across the ruin and rubble that the world has left. We have come to a moment of critical decision, we are far from defeat. So let us reorganize our forces that we may reverse this trend in organized medicine.

I think it goes without saying that we have a very able delegate, I should say we have very able delegates, and alternates. The report that Dr. McKeown has made is evidence of that fact. Dr. McLean do you have anything you want to add. No, I think it was done preety well. I'm going to call on Dr. Kent. She wants to make a comment.

Mr. Speaker isn't there a recommendation that—well we will skip that Dr. Murphy. You are out of order. Temporarily. This is being discussed now.

I wanted to bring this up because it shows how massively it is being changed. There were 45 states voted for this in Atlantic City. The states were not polled however. All of you have received a copy of these 20 points. I hope you have read them. I'm afraid you haven't. I think many of the delegates even if you look them over didn't get the implication. But as you look back to the individual states and read over these 20 points and begin to think you realize what they let themselves in for. So, in September, some of the southern states Okalhoma, Arkansas telegraphed asking if someone couldn't be sent back to the meeting in Chicago where we could go before the Board of Trustees and bring this matter of the 20 points up for further discussion. Those of you who have read the 20 points will realize but most of them could not be implemented in states because they are already covered by the insurance laws of the individual states which differ from one state to another. On the whole, the 20 points by-passed the state medical societies and the county medical societies and lent approval to write sponsored plans without taking the medical societies into consideration in any way. In Oklahoma there was an outstanding
9721 example of what is happening and what would happen in the Elk City set up. Where they have cooperative owned by individual for some fifteen to 25 years

there has been no new only doctor who could go im there start private practice within many miles of the Elk City set up. None of the doctors were working on salary in the Elk City set up, is a member of local or state society. With the approval of the set up by the A. M. A. they have a feeling that they can appeal to law to be taken in to the medical society. And you can see what a mess that would create if the went to the law and the medical society would be forced to let them in because they have been approved by the A. M. A. and given a green light. So, just before the meeting of the Board of Trustees of the A. M. A. in Chicago a group got together and talked over the matters in Chicago, Oklahoma, Arizona, I don't mean Arizona but Arkansas, Louisiana, Michigan, Colorado, Kansas, Oregon, I think there were only 7 states represented. The trustees graciously received the delegation and listened to what the delegation had to say. A. (Illegible) point that they asked to have taken up by the Board of Trustees was extension of the Washington office and a request to those in the Washington office that they act not as a historical group and inform us not what to do at the grass roots with legislation and the initiation of any new legislation. We asked that key men in defferent states be alerted and be ready to be called in for regional and national meetings at a moment's notice. to discuss possible legislation on the implication. The trustees were requested to delay implementation of the 20 points until this could be studied, of course they could, the trustees are impowered a member of the body to act on such a request. They could either act on the request or they could refer it to the midyear House of Delegates which will meet in Dec. in Washington. Dr. Fitzgibbons is here. I do not know what went on after we left the meeting of the Board of Trustees. One of the men came out afterwards tho and remarked that we certainly had thrown, and I would like to ask Dr. Fitzgibbon to tell us what, if anything, was done later in the Board of Trustee meeting. I think this is all pertinent to Dr. McKewons report. Before we call on Dr. Fitzgibbon, I want to ask Dr. McKeown if he wants to make his recommendation in the form of a motion for the House of Delegates. It is the request of the delegates that this be done. They are united in that belief the 4 delegates, Dr. McLean, Dr. Baum, Dr. Martzloff and Dr. McKeown. now they are certainly privledged to change their mind.

9722 That is the last canvas that I have of it. Will you make that in the form of a motion, your recommenda-

tions. Well, I will have to have my report approved before I do. Won't I first? I move that we adopt this report. Is there a second to the motion? Ready for the question? It has been seconded that the report of the A. M. A. delegates be approved. All in favor signify by the usual sign. Contrary. So ordered. Now Ray will you make your (Illegible)

Mr. Speaker, I move this house that the incoming president, directors and House of Delegates will proceed forthwith with the establishment of this plan as proposed in the Delegates' report. Motion seconded that the recommendations of the delegates and alternates be approved and set up. Are you ready. I was going to call on Dr. Fitzgibbon. Dr. Fitzgibbon do you want to discuss this.

Mr. Chairman, I am not sure why I am called at this time. Throw the switch. I think I better talk off the record now. I think whate we are trying to do here, the delegates are advising is a (Illegible) sin. My concern is that in passing a recommendation we don't by-pass the council of the state medical society. I can see that this thing leads to study and I am not going to comment on what I think of the A. M. A. set up. But I do think that the Oregon physicians that head this study should properly settle in the council of the state medical society which is truly representative of all parts of the state. Now if you want to bring in the component society presidents as part of the picture that's fine but lets not get any set organization trying to do something which the Council has the authority and the knowledge to do.

Are you ready for the question? Dr. McLean wants to comment. McLean, I do not think that we should pass this resolution altho I had a little say in the preparation of it without a good deal of study, as I have sat here listening to John and Raymond and people have been talking, maybe if we don't go too decisively as to the formation of a plan but study the feasibility of the formation of a plan. We are committed by that resolution to form a plan. Maybe no plan need be formed. Maybe we can't form a plan. But lets explore the field as to the formation of a plan and I amend the motion in that way.

I amend that plan of formulating a plan and if they so believe to formulate that plan. Will you accept that as an amendment embodied in your motion to simplify parlia-

mentary procedure? I want to make a few comments. I think it is timely that we understand exactly what
9723 is being done here. The opinion is rather general throughout the state that the county societies by and large are rather a sterile unproductive group. I mean that very kindly I belong to my own local society and I am very proud of it, but I am impressed with the fact that we don't do a great deal along this line. It accomplishes but one thing snaps these boys out of their lethargy and gets them into the state society and actually we do something that we have been trying to do for years. I accept the amendment by Dr. McLean. I will reword the motion that the delegates and the alternates direct the incoming president to appoint a committee consisting of the presidents of the component medical societies for the purpose of studying a proposal to create a plan to be known as the Oregon Plan of Medical Defense. There being relatively a new motion we will call for a second. It has been moved and seconded. Is there further discussion.

Dr. Buckley. (not clear) within the last 30 days. The American Medical Association the Oregon State Medical Society, and Utah Medical State Society (Illegible)

Arkansas (Illegible)

Los Angeles County Medical Society, King County Washington. These are (Illegible)

it was considered that it would be safer from the standpoint of (Illegible)

Mr. Chairman, ladies and gentlemen, we have consumed almost 1 hour on this agenda. Are you ready for the question? Do you know the motion. Did you all hear it? Mr. Secretary, The motion was that the delegates and alternates direct the incoming president to appoint a committee consisting of the president of the component medical societies for the purpose of studying a proposal to create a plan to be known as the Oregon Plan of Medical Defense. Did you all hear that? It is suggested that the name be left up to the committee. If this committee decides to operate. Are you ready for the question? All in favor of the motion as stated signify by the usual sign.

Contrary. So ordered.

9724 RESOLVED, that the Oregon State Medical Society express its appreciation to the Eugene Hotel for the splendid service provided during the Session.

RESOLVED, that the Oregon State Medical Society express its thanks to the Eugene Register Guard for the fine news stories of the events of the session.

RESOLVED, that the Oregon State Medical Society express its sincere appreciation to Leslie S. Kent, our retiring president, for the confident, enthusiastic and faithful manner with which she discharged her duties during the past year.

RESOLVED, that the Oregon State Medical Society express its thank to Edward H. McLean and Raymond McKeown our delegates to the American Medical Association and to W. W. Baum alternate delegate for unusually capable services they have rendered as our representatives in the House of Delegates in the American Medical Assn.

RESOLVED, that the Oregon State Medical Society express its appreciation to the Committee on the Study of Oregon Physicians' Service and Other Voluntary Prepayment Plans for their efforts in studying the problem of prepaid medical care in Oregon and sponsoring recommendations for solutions of these problems.

RESOLVED, that the Oregon State Med. Soc. express its thanks to the Committee on State Industrial Affairs for its work in negotiating a number of revisions in the medical fees schedule of the Oregon State Industrial Accident Comm.

RESOLVED, the the Oregon state Med. Soc. express its appreciation to James E. Buckley president-elect, for his outstanding services in the field of medical legislation medical economics and public relations.

RESOLVED, that the Oregon State Med. Soc. again express its appreciation to the Woman's Auxiliary for its work during the past year to support scientific medicine. I move that these resolutions be adopted as a group. Moved and seconded that these resolutions be adopted, but Dr. Kent would like to make a comment. If there is enough income from our scientific exhibits one Whereas, in addition to expressing our appreciation for the Elks Club if we could add a little check to go with it that would add

to their fund for charity and would it be possible for the House of Delegates to so, if they wish to move. I didn't make it in the form of a motion but I will. It is now made in the form of a motion.

9725 Are you ready for the question? All in favor of the amendment to the motion of Dr. Kent signify by the usual sign. Contrary. So ordered. Now for a vote on the motion to adopt the resolutions. Ready for the question? It is moved and seconded that the resolutions read by Dr. Fixott be adopted. All in favor signify by the usual sign. Contrary. So ordered. We thank you Dr. Fixott and your committee for your very hard work and able presentation.

Now we come to a report of the Reference Committee on the matters pertaining to Oregon Physicians' Service. This committee really has put in a lot of time. They worked very hard and I think that we ought to say the committees at this session have really gotten down and worked. And that is the way this body should function. The committee is Dr. Rankin, chairman, Dr. Hyde, Dr. Diack, Dr. Kerbel and Dr. Pitman. Dr. Rankin.

Mr. Speaker and the House of Delegates. The report will be in form of a motion, at least a part of it. We have a recommendation that Dr. Hyde would like to give in detail so I would like to have him have a few minutes after I've finished. The reference comm. on matters pertaining to the Oregon Physicians' Service recommends that the report of the directors, acting as an interim committee, be accepted and that the House of Del. move trustees and directors effectuate the changes recommended in that report.

It is apparent that the Director Committee report embodies most of the latest ideas as advanced by the original Oregon Physicians' Service committee standing and also reference committee of the midyear delegation. I move that this section of our report be adopted. We have that in printed form so it is not necessary to read it. Are you ready for the question? You don't want to debate this portion of it do you Dr. Moved and seconded then that the report of the special committee be accepted. The special committee is the committee appointed at the midyear meeting: Comm. of 6. Every delegate should have received this particular committee report, studies and recommendations for changes concerning the organiza-

tion and structure and contracts various offerings of Or. Physicians' Service. That has been on the tables. If you haven't read it its your own fault. Have you seen that. You had better take off 5 min. and read it. Now that was put on the table here the first morning. That's the trouble with this organization. Members don't read these things. Are you ready to vote on this now. Question.

All in favor then of this committee report signify. 9726 by the usual sign. Contrary. The I's have it.

These recommendations have been formulated as the result of the hearings that we have held. The committee further recommends that the Board of Directors acting as a continuing interim committee of the House of Del. study further and make additional recommendations at the midyear meeting on the following facts:

A. Contracts, and in the new commercial contracts, net

B. That local advisory committees negotiate terms for their local contracts. This has

Check all hospital bills and negotiate with their local hospitals.

been carried out in differenet localities successfully.

C. Successful patient participation especially in the cost of hospitalization to be ultimafely improved in all contracts.

D. Confirm negotiation with Blue Cross security interim of statewide reserve

E.

G. tjat there be instituted more prompt modification of contracts. and/or increase of premium for loss of time. At the discretion of the local advisory comm.

Service preformed with a low premium charge. Then the Oregon Physicians' Service give the advisory comm more prompt information regarding unfavorable accounts and make specifice recommendation for correcting.

Dr. Hyde
Do you want to discuss this. Thank you. My original idea was that this thing would be read probably with considerable discussion. In fact we would have preferred to explain our reasons for every one of these 1, 2, 3 r, 5,

6, 7 recommendations and it may save a little time if you constitute your committee's idea in embodying all of the complaints that were made to the committee all real and important they do not embody all of the I won't
9727 go down all of these unless there is some demand.
There was however one particular which we thought probably should therefore receive wide consideration. I refer particularly to this recommendation,

that the plan is sound and fair
who has the statewide responsibility toward

actually save a figure only half-way between the state and the local pool persentages. the surplus of the remaining half-way figure of the pool would be paid into the statewide equalizing fund. The payments out of the equalizing fund may be paid to any poll unable itself to pay up to a figure of 50% of the fee schedule. Example:
The statewide payment fee schedule

Louder please.
could only pay 25% of fee schedule would draw from the equalizing fund in an amount up to 50% of fee schedule.

It is contemplated that all contracts be adjusted to where only small losses can occur and all pools can build up their own reserve funds to reimburse the equalizing fund. This is simply a plan and does not call for any action on the part of the committee only because we felt that some such plan should be offered to this Society membership for their thought and consideration. The other factors, in other words, the approval of this second part of our report does not constitute a necessary by this body of approval

I would like to point out here that they are doing something that is very constructive and on democratic principles.

9728 Things said here this morning has tremendous publicity value if released to the press in the right way.
and building up a continuing committee
I am going to ask Dr. Rankin to read these recommendations. Now remember these are not mandates. These are suggestions or recommendations by the comm. to the House of Del. We are not voting on anything except the recommendations. Lets have them briefly again.

A. That income level features be incorporated in all contracts and in the new commercial contracts preferably at the level of $3,000 annual net taxable income.

B. That local advisory committees be encouraged to check all hospital bills and negotiate terms with their local hospitals.

C. That physician and patient participation affecting the cost of hospitalization be further expanded to be ultimately included in all contracts.

D. That further negotiations with Blue Cross be carried on.

E. That some of a statewide reserve equalizing fund be established to minimize the sacrificing of so that temporary and favorable experience in one pool can be by the rest of the pools.

F. That Multnomah County pool be encouraged to form smaller areas for supervisory committees to encourage some of the benefits exchanged elsewhere

G. That there be instituted more prompt modification of contracts for and/or increase of premiums for lost time of the local committee.

I recommend the adoption of these recommendations. Is there a second to that motion. It has been moved and seconded are you ready for the question.

Dr. Mackie. I wish first of all to amend the report—that E. which starts in be stricken from the report. Is there a second to Dr. Mackie's motion? to amend this by withdrawing item E. Now remember these are only recommendations. For lack of a second your motion is out. Are you ready for the question. It has been moved and seconded then that the recommendations of this committee which you have heard read twice be adopted. All in favor of the motion then signify by the usual sign. Contrary.
9729 So ordered.

We are really getting along here we are going to have a little time for some of the boys to make speeches. By the way, Dr. Fitzgibbons, would you make a motion embodying the suggestions you have just made. I so move that this action be interpreted in words of one syllable or proper phraseology to give the story of what has been done

in the attempt of this society to provide an extension of prepaid medical care on the proper actuarial lines. Are you ready for the question. All in favor of the motion signify by the usual sign. Contrary. So ordered. I have just conferred with Dr. Kent. Dr. Fitzgibbon has been appointed as a committee of one. Who of all of us here could put those principles in words of one syllable better than he? Now you are out of order.

I never had this chance before.

We shall now have the report of the nominating committee. Dr. Leitch is chairman, the other members are Dr. Emmerson, McKenzie, Upjohn and Pitman.

I was on the nominating committee last year, I believe I was chairman. This yeae I really appreciate the services of the nominating committee. Our committee met and in between our meetings we asked for all kinds of suggestions. We operated on this principle. That it is good to bring in new blood. It is also necessary that you have a certain amount of old blood retained so that there is judgment on what happened 5 or 10 years ago. You just can't discard that and operate successfully. The state is divided into councilor districts. It was the thought of this committee to make a recommendation at this time that the Council study possible realignment in accordance with population. I would like to make that in the form of a motion, on behalf of the entire committee that this report be studied. You can vote on that later if you wish. It has been moved and seconded that a committee be appointed to the present reapportionment of the representation. Are you ready for the ? All in favor signify by the usual sign. Contrary. So ordered. There were eight names presented for the presidency we boiled it down and we are going to offer for President Elect, William J. Weese of Ontario. For 1st vice-president James E. Campbell of Roseburg. 2nd Vice-pres. Dr. Jack Rankin of Coquille. For 3rd vice-president Dr. Richard L. Currin of Klamath Falls; secretary, Werner E. Zeller of Portland; Treasurer, Dr. Robert W. Kullberg, Portland; Speaker of the House of Del., Blair Holcomb, Portland. Vice-Speaker of
9730 the House of Del. Dr. A. O. Pitman, Hillsboro; renomination of Dr. McLean and Wlls Baum as delegate and alternate to A. M. A.; Councilor, 1st Dist. Dr. J. Milton Murphy, Portland; The 5th Dist. Dr. M[illegible] Hemingway, Bend; 7th Dist., Edwin Kirby, La Grande; Coun-

cilor at large representing the medical school, Dr. Cahrles N. Holman, Portland. I am going to make this suggestion. Perhaps that will explain why I was put on the nominating committee this year. Certain of our nominations this year involved certain problems. I think that it might be well to maintain the custom of having someone from this year's nominating committee be on next year's nominating committee.

Committee on Publications, Dr. Wayne Esperson, Klamath Falls. Form of a motion. It has been moved and seconded that this report of the nominating committee be accepted. Are you ready for the ? All in favor of accepting the report of the nominating committee signify by the usual sign. Contrary. So ordered.

The election of Dr. Wayne Esperson to the Committee on Publication. Is there a second to that nomination. Are there any other nominations. All in favor of the motion closing the nominations signify by the usual sign. Contrary. Dr. Esperson has been elected. We have 15 min. leaway which is always comfortable to have when you are sitting where I am. Dr. Gardner passed up a note which i want to read. He says we talk about local stuff then we pass resolutions to call in government people to destroy rag weed. Just what do they want. Just what the government wants. Of course there are certain things in public health that just can't be handled alone. And that is the old old story of what is the problems of health assns. Public Health Ser. Do you want to take care of ragweeds on your own farm which I don't. Why go ahead boys. Dr. Fixott now has a resolution for Military Affairs Committee report.

WHEREAS, that the National Guard of the State of Oregon will this fall conducts a campaign to fullfil its

WHEREAS, these new recruitments have simple examinations including urinalysis, and

WHEREAS, the guard does not have a sufficient number of physicians to carry out thes requirements and there are no federal or state funds available for this purpose

THEREFORE BE IT RESOLVED, that every medical assistance possible be given by the Oregon State Med. Soc. to the Ore. Nat'l. Guard in carrying out its project.

Plaintiff's Exhibit 2065

9731 October 20, 1948

Dr. H. R. Allumbaugh
612 Eugene Medical Center
Eugene, Oregon

Dear Doctor:

Your letter of the 19th, addressed to the Board of Directors of the Association was presented to them at the meeting held last night. They have requested the writer to respond with an outline of the different view points and opinions that were expressed by the members of the Board at this meeting. They were unanimous in their opinion that this Association is primarily and was originally organized as an association providing medical care mainly on an industrial basis, and that we have continued to provide this care on an industrial basis using an industrial fee schedule because we have felt that this was the safest way to keep the Association economically and financially sound and to avoid ever having to discount our fee schedule.

We have never had specialists fees either in surgery, orthopedics, eye, ear, nose, and throat or any other specialty. The only exception for specialists in our regular fee schedule has been the concession granted the internists some two years ago stipulating a $12.50 fee for a complete physical examination. Your Board of Directors, at the present writing, still is not convinced that we should set up a separate fee schedule for specialists and consultants of any kind, when under our present plan the same fee schedule applies for the same procedure whether performed by a general practitioner or a specialist. We do conceed that there are some individual inequities in our fee schedule. We intend, inside of the next six months, after we determine how our profit and loss statement looks at the end of 1948, to revise our present fee schedule. There was one suggestion made at our meeting, that this whole matter be referred to the general membership for discussion. We have made no recommendation to that effect as yet.

The Board did agree that a flat fee for an initial diabetic case is in order and should probably apply for the care of such cases on an annual basis rather than for the first month or six weeks. We did not agree that this type of flat fee should apply to coronary thrombosis or similar cases.

9732 We would also like to have you continue to render your bills for complete physical examinations including your lab work, at $12.50. We will not request that you submit a complete itemized statement showing all minor procedures. We would appreciate it if you would designate more definitely on the bill the type of case and the need for the complete physical examination. The manager's office would also like to have a chance to authorize complete physical examinations and other more extensive procedures because in many cases the patient may be a new employee under our coverage and not entitled to this extensive procedure.

The Board does not feel that a comparison with the O.P.S. fee schedule is applicable or fair because O.P.S. has never paid their member doctors 100% of their existing fee schedule. Also, it is common knowledge that O.P.S. is having quite a struggle financially and is in a rather precarious position particularly in Portland and Multnomah County where they have a large number of specialists and consultants performing services for them. Even though out State doctors are now being paid 85% of their present schedule, the member doctors in Portland are usually receiving from 50% to 65% of their present schedule. The Board feels that we are operating much more soundly and being more fair to all members if we maintain a more conservative fee schedule and are able to always pay 100%.

The writer is sorry if he inferred in his talk with you, that you should submit a copy of all consultations to our office. Our only request has been that you submit a copy of your report on all neurological examinations. Neither do we ask that you submit a copy of any consultations at the hospital.

The Board of Directors realizes that the Pacific Hospital Association and the area in which we practice medicine is growing. We have new and unusual problems arising from time to time and we try to meet them as they come up. We hope that you will bear with us in trying to work out a more satisfactory plan for all members of the Association.

Very truly yours,

PACIFIC HOSPITAL ASSOCIATION

C. F. Wright, Mgr.

CFW:BT
c/c to Dr. E. L. Gardner

Plaintiff's Exhibit 2066

9733 January 21, 1949

Joe Harvey
Oregon Physicians' Service
1214 S. W. Sixth
Portland 4, Oregon

Re: Gerald Antone and Mildred E. Wright

Dear Joe:

The Eugene Brace & Limb Shop has appealed to me to do what I can to help them collect for a couple of braces that were authorized by attending physicians on the above cases. In the case of Gerald Antone, he was attended by Dr. J. W. Brooke, an Orthopedist practicing in the Eugene Hospital & Clinic, a cooperating physician on your O.P.S. list. In the case of Mildred E. Wright, she is, as you remember, my sister, was attended by Drs. Slocum & Moore, Orthopedists who are also on your cooperating list. They were both automobile accidents which resulted in fairly serious fractures and I presume, in order to facilitate recovery the braces were authorized by the attending physician. The date on the Gerald Antone case is July 15, 1948, a long leg brace with a charge of $100.00, and the date of the Wright case was July 9, 1948, a rental on a cervical spine brace in the amount $20.00.

The manager of the Eugene Brace & Limb Shop informs me that he stopped in Salem and talked to someone who more or less implied that O.P.S. was not responsible for braces because they usually were in line with prescription service. This sounds like a rather weak excuse to me because I know that we are always stuck for braces when authorized by attending Orthopedists on these bad fracture cases. Your cooperation in settling these two cases will relieve me of the pressure from the Brace Shop and I hope, come to an amicable settlement.

Best personal regards,

PACIFIC HOSPITAL ASSOCIATION

C. F. Wright, Mgr.

CFW:BB

Plaintiff's Exhibit 2067

9734 June 6, 1949

Oregon Physicians' Service
1214 S. W. Sixth
Portland 4, Oregon

Attention: C. W. Kincaid

Dear Clyde:

In response to yours regarding Mrs. Nadya Rogers, please be advised that I had quite a long talk with Dr. Wesley Haffner and he has agreed that he will accept your treatment requisition for her case. Will you please so advise Mrs. Rogers so that she may send him a new treatment requisition.

In a way, we cannot blame Dr. Haffner too much in this case because some of his bills previously rendered you had been discounted 100%, particularly for some pilonidal cyst case that he had received prior authorization for and then was paid nothing for his services. However, he agreed that if the rest of the doctors here in Lane County will continue to cooperate with O.P.S. he will do the same. I don't know how long I can influence these doctors by requesting that they continue to cooperate, because many of them are becoming more disgruntled all the time on the matter of discounts. However, I will do my best to help you out on any cases in which you are having difficulties.

Best personal regards,

PACIFIC HOSPITAL ASSOCIATION

C. F. Wright, Mgr.

CFW:BB

Plaintiff's Exhibit 2068

9735 SPONSORED BY THE OREGON STATE MEDICAL SOCIETY — OREGON'S APPROVED MEDICAL SERVICE PLAN

OREGON PHYSICIANS' SERVICE
(Emblem)

1214 S. W. Sixth Ave.
Portland 4, Oregon

May 31, 1949

In reply refer to:
Mrs. Nadya Rogers
Oregon Public Welfare Employe
Membership No. 351289

Mr. C. F. Wright, Manager
Pacific Hospital Association
343 Eugene Medical Center
Eugene, Oregon

Dear Max:

Enclosed is a copy of the letter I mentioned to you the other day wherein we are told that Dr. Wesley Haffner has refused to accept the above subscriber's treatment requisition.

We are without information as to the history of the appendix problem involved, but there would be little question of O.P.S. responsibility since Mrs. Rogers has been a member since October 1, 1947 and apparently this is the first time she has used the service plan.

Anything that you may be able to do to straighten this matter out will be greatly appreciated. We will delay responding to Mrs. Rogers until we have heard from you.

Very truly yours,

Oregon Physicians' Service

(Signed) C. W. Kincaid
C. W. Kincaid
Claims Supervisor

CWK:ew
Enclosure

6394

9736

165 North Polk Street
Eugene, Oregon
May 25, 1949

Oregon Physicians' Service
1214 S. W. Sixth Avenue
Portland 4, Oregon

Gentlemen:

I am enclosing a bill of one hundred and fifty dollars ($150.00) from my doctor, Wesley H. Haffner, for appendectomy performed May 5, 1949. Dr. Haffner has refused to accept a treatment requisition because he has not received payment for previous services. Therefore, he is asking that I personally be responsible for payment to him. Please advise me how settlement can be made. My membership number is 351289, group number 2410. Any attention which you can give this matter will be greatly appreciated.

Very truly yours,

Nadya Rogers

Plaintiff's Exhibit 2069

9737

G. S. BEARDSLEY, M.D., F.A.C.S.
PHYSICIAN AND SURGEON

CHARLES E. HUNT, M.D., F.A.C.S.
PHYSICIAN AND SURGEON

WOMEN'S AND CHILDREN'S CLINIC
OBSTETRICS, DISEASES OF WOMEN AND CHILDREN
SUITE 331-332 B, MINER BUILDING
OFFICE PHONE 648
EUGENE, OREGON

November 12, 1937

Industrial Hospital Association
Medical Arts Building
Portland, Oregon

Gentlemen:

This is to inform you that on and after January 1, 1938 I will be unable to care for any patients covered by contract of your hospital association.

Sincerely yours,

(Signed) CHARLES E. HUNT
Charles E. Hunt, M.D.

CEH:S

Plaintiff's Exhibit 2070

9738

R. N. Kavanaugh
Attorney at Law
Portland, Oregon

COPY

Mr. Willard Marshall
c/o Multnomah Medical Service Bureau
Pittock Block
Portland, Oregon

Dear Sir:

Northwest Hospital Service Plan has considered at length the plan of cooperation with Multnomah Medical Service Bureau set out in your statement. The recommendations of the Board of Trustees of Northwest Hospital Service Plan regarding the further activities of their corporation in relation to your proposal, are the following:

(1) Northwest Hospital Service Plan shall not enter the insurance field for the present provided that Multnomah Medical Service Bureau immediately institutes and agressively promotes a campaign for the sale of family hospital coverage. Northwest Hospital Service Plan intends to enter this field only if satisfactory coverage is not effected by your organization.

(2) Northwest Hospital Service Plan shall retain its corporate existence and shall review the progress made by your bureau in selling family hospital coverage at quarter-annual periods starting March 31, 1942. Northwest Hospital Service Plan requests Multnomah Medical Service Bureau to submit quarterly reports listing the sales of the family hospital coverage.

(3) Under the plan as outlined above, Northwest Hospital Service Plan shall not open an office of any kind, shall receive no funds, adjust no claims and underwrite no risks.

We will appreciate Multnomah Medical Service Bureau considering this proposal at its earliest convenience and communicating its decision to the undersigned.

NORTHWEST HOSPITAL SERVICE PLAN

Signed By R. W. Nelson
Secretary

Plaintiff's Exhibit 2071

9739 MEETING OF EXECUTIVE COMMITTEE
NORTHWEST HOSPITAL SERVICE PLAN
Wednesday, September 9, 1942

Present: E. B. MacNaughton, Dr. Stanley Lamb, Mr. W. P. Stalnaker, Sister John of the Cross, Mr. R. W. Nelson. Mr. R. N. Kavanaugh, Mr. A. L. Morland, Mr. M. F. Bradley, non-members, were also present.

Mr. MacNaughton, the chairman, called the meeting to order and stated that at the request of the President of the Multnomah Medical Society he had appointed Mr. Nelson as negotiator in our behalf with the Multnomah Medical Service Bureau and the Medical Society, the object of negotiations being to attempt to agree upon a basis for transferring the Medical Bureau's hospital coverage to our organization, and to take future business on the basis of their covering medical and we hospital coverage. Mr. MacNaughton read the report of the negotiators, which was as follows:

Portland, Oregon
September 6, 1942

Mr. E. B. MacNaughton, President
Northwest Hospital Service Plan
Portland, Oregon

Dear Mr. MacNaughton:

I am submitting below report of negotiations to date on the transference of hospitalization contracts by the Multnomah Medical Service Bureau and its allied Bureaus, to our organization.

There is apparently a sincere desire on the part of the present officers of the Bureau to transfer its hospital insurance business and to discontinue its activities in the field of hospital insurance.

Both the Bureau and ourselves recognize the necessity of there being an insurance organization offering medical prepayment coverage, to be included with our hospital coverage in many of our contracts, and that these contracts are best sold on one single payroll deduction.

We are agreed that this is best done by an organization sponsored by the organized profession of medicine.

Consideration of the transference of hospitalization and its being written in future only by our organization begins with the problem of transferring their existing contracts. The terms of their contracts differ in some particulars from our standard contract. They offer 180 days of coverage instead of our 111 days. They exclude all pre-existing conditions from coverage, which we do not. They exclude maternity care entirely; our contracts exclude mater-
9740 nity care only for the first ten months of the contract.

We are agreed that in accepting the transference of their contracts we must assume exactly the obligations that their existing contracts call for. This we believe is advantageous to us in that while we assume 180 days we assume no maternity liability and no liability for pre-existing conditions.

We are agreed further that future contracts of a joint nature should include exactly the same coverages as to medical and hospital care. It is self-evident that if the contract for medical care excludes pre-existing conditions, the hospital contract should carry the same exclusion. We are agreed therefore that our future contracts of a joint nature shall be modified so that they are uniform as to their terms with the medical service contracts. This agreement reduces rather than increases our liability.

The second question to be settled and agreed upon is that of sales co-ordination. We have agreed that each organization will have its own sales force and sales management; that there be close and constant co-ordination of sales effort; that these sales forces avoid over-lapping of sales contacts; that all contacts made by either sales force be made with the full knowledge of the other.

To effect this co-operation, we recommend strongly that there be a complete cataloguing of prospective clients and that the sales managers of the two organizations hold frequent conferences (daily at the beginning) to the end that their respective sales forces shall not be found competing for the same business, against one another.

The third question is that of the amount of money to be received by each organization when joint sales are made.

It is agreed that the price of hospitalization contracts when sold alone are of no interest to the Bureau, and that the terms of our contracts are of no interest to them when so sold.

It is agreed that it will be necessary that when sold jointly, the sale must be made on a total lump-sum price, on one

payroll deduction. At present the established price for the over-all coverage is $2.50 per month. This rate is established by the competition as well as by the Multnomah Bureau.

We are agreed that the division of this fee must be such that the Northwest Hospital Service Plan will be enabled to meet its obligations, its operating costs, and to build necessary reserves. Our experience is too brief to enable us to fix that amount finally. This question has been referred to our respective auditors and they have been requested to bring back a report and recommendation to us at the earliest possible moment, it being understood that the amount finally decided upon shall be subject to review and revision as the necessity may appear at the end of this and each succeeding fiscal year.

These agreements have been made, of course, subject to ratification of our respective Boards. They are the recommendation of your appointed negotiators:

9741 In behalf of the Medical Societies, Clyde Foley,
In behalf of the Medical Bureau, Ralph Jackson,
In behalf of the Hospital Plan, Ralph Nelson.

Very truly yours,

(Signed) R. W. Nelson
Secretary

Mr. Stalnaker proposed motion, supported by D. Lamb, as follows:

"RESOLVED, that the recommendations of the joint conference committee, as above stated be approved." Voted unanimously.

Fee Basis

Upon motion by Mr. Stalnaker, supported by Sister John, the following resolution was unanimously voted:

"RESOLVED, that our representative be authorized to deal with the other parties at interest, for the transference of hospital coverage on a basis of 60 cents per month on the old business that was on their books prior to July 1, 1942, and on a basis of 75 cents per month on business written since that time, and a basis of 75 cents on future business written jointly with them; it being understood that our representative has

authority to make some variation, down to 70 cents if necessary, to effect an agreement."

Washington State

Mr. Kavanaugh reported on his investigations regarding our doing business in the State of Washington, that there are no serious obstacles in the way, and that we are not required to post additional bonds or go to other heavy expense.

Upon motion by Mr. Nelson, supported by Dr. Lamb, it was unanimously voted: "That our attorney be instructed to take the necessary steps that will qualify this organization to do business in the State of Washington."

* * * * *

Plaintiff's Exhibit 2072

9743 THIS AGREEMENT made and executed this ..... day of October, 1942, by and between MULTNOMAH MEDICAL SERVICE BUREAU, a corporation, hereinafter called "The Bureau, first party, and NORTHWEST HOSPITAL SERVICE PLAN, a corporation, hereinafter called "The Service Plan", second party, WITNESSETH:

That WHEREAS The Bureau is engaged in the business of selling medical service and hospital service upon a prepayment basis, and The Service Plan is engaged in selling hospital service only, upon a prepayment basis, and

WHEREAS, it is the intention of the parties to cooperate in the sales of their respective services, and the purpose of this agreement is to fix the terms and conditions upon which the parties shall sell companion contracts to a single purchaser.

NOW, THEREFORE, IT IS HEREBY PROMISED AND AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. The Bureau shall forthwith cease writing contracts to provide hospital service upon a prepayment basis, but shall have the right to perform its unexpired contracts which provide for hospitalization.

2. The Service Plan shall write no contracts to provide medical service in Multnomah County or in counties adjacent to Multnomah County now serviced by The Bureau.

3. The Service Plan and The Bureau shall write separate contracts providing for prepaid hospital service and medical service, respectively, which may be sold concurrently to a single purchaser. Each party may, and it is hereby authorized, to sell the contract of the other party in conjunction with its own contract, where such coverage is desired and unless objection to such sale is made by the other party. Said companion contracts shall be substituted for expiring contracts of The Bureau for both hospital and medical service.

9744 4. The contracts for hospital service to be issued by The Service Plan which are to partially replace the expiring Bureau contracts shall provide for hospitalization coverage for employees identical with that provided for in said expiring Bureau contracts.

5. The charge to be made by The Service Plan for its hospitalization contracts where companion contracts are issued by it and The Bureau, may be increased or decreased annually as costs are determined by experience. The rate to be charged by The Service Plan for the first year hereafter shall be the sum of 68 3/4¢ per month for each employee covered, an additional 75¢ per month for the spouse of such employee, and an additional 50¢ a month for children of such employee under the age of 19 years. If at the end of one year, the income received by the Service Plan from employees covered by The Bureau for medical service upon contracts issued hereafter by The Service Plan in conjunction with contracts of the Bureau, exceeds The Service Plan's cost for hospitalization, its administrative costs for servicing said hospitalization contracts, and a suitable reserve for unexpired cases the difference shall be remitted by the Service Plan to The Bureau within thirty days.

IN WITNESS WHEREOF the parties hereto have caused its respective signatures to be affixed by their duly authorized officers the day and year first above written.

WITNESSES:

..... MULTNOMAH MEDICAL SERVICE BUREAU

By .....

..... NORTHWEST HOSPITAL SERVICE PLAN

By .....

Plaintiff's Exhibit 2073

9745

GOOD SAMARITAN HOSPITAL
2266 N. W. MARSHALL STREET
PORTLAND 10, OREGON

FRANK J. WALTER
ADMINISTRATOR

April 16, 1946

Dr. D. R. Ross, President
Board of Trustees
Oregon Physician's Service
First National Bank Bldg.
Salem, Ore.

Dear Dr. Ross:

In accordance with the request you made during the discussion on April 11 with Dr. Lamb and myself regarding the future relations of O.P.S. and Blue Cross, I am writing regarding the plan discussed with you. Of course, you will realize that these are personal opinions and hopes to bring about a mutual agreement between the two organizations and are subject to confirmation of both Boards.

It is extremely necessary that a group selling either medical or hospital service have the other service to supplement its contract. In such times as this it is extremely undesirable for the hospital group and the physicians to be competing in selling their contracts. Both should be cooperating. It is logical that the hospital should be responsible for furnishing hospitalization and the medical profession for furnishing medical services. In order to bring this about it is proposed that a working agreement be in effect between both plans whereby one would sell and be responsible for the medical coverage and the other organization would be responsible for the hospitalization coverage.

The total price of the contract should be based upon the cost which each organization feels they must receive in order to carry out the terms of their contract. In the case of Blue Cross, under present conditions, our experience indicates that the contract must be sold for not less than 90¢ per group subscriber ($1.00 per individual subscriber) minus the administrative cost of selling the same.

Whether one group does the entire selling is a matter for discussion and agreement of a committee of trustees from both organizations. Each plan should have their own

financial setup, make their own contracts with those who are furnishing service under the terms of the contract, and pay them for such services. Each plan should have their own Board of Directors and maintain their own offices. An interlocking directorship would be desirable in order to keep each group informed of the problems of the other. The name Blue Cross has proven a great advantage nationally and should be maintained for the hospital contracts. In order to further develop these principles and agree upon some form of mutual cooperation, it is suggested that a committee of three directors of each organization be appointed. Urgent matters require the Blue Cross to reach a decision by May 31, 1946.

Very truly yours,

(Signed) FRANK J. WALTER
Frank J. Walter

FJW/en
cc: Mr. E. B. MacNaughton

9746 1. Assurance of backing of hospitals throughout State. O.P.S. covers state.

2. Cannot work until 1/1/47 at earliest. Cannot change prior thereto.

3. Definite statement as to what limitations on medical coverage offered.

4. My impression that in order to cut down calling of meetings key points settled in advance on paper.

9747 GOOD SAMARITAN HOSPITAL
2266 N. W. MARSHALL STREET
PORTLAND 10, OREGON

FRANK J. WALTER
ADMINISTRATOR

April 13, 1946

Mr. E. B. MacNaughton, President
Northwest Hospital Service Plan
First National Bank
Portland, Oregon

Subject: Report of Conference with the Oregon Physicians Service

Dear Mr. MacNaughton:

In carrying out the assignment from the Executive Committee of the Northwest Hospital Service Plan a meeting was held on April 11 with Dr. D. R. Ross, President of Directors of the O.P.S. and Dr. Lamb and Mr. Walter representing the Blue Cross.

It was brought to the attention of Dr. Ross that both plans were competing with each other in attempting to solve the same problem and that such competition was continually weakening the results of both plans. Dr. Ross was informed that Blue Cross was encountering the same experience as the O.P.S. in selling medical or hospital coverage. If Blue Cross can not obtain a working agreement with the O.P.S. to furnish the medical coverage, they will be forced to offer their subscribers some indemnity form of coverage; thus further intensifying the competition between the two companies. If it were at all possible for the two plans to get together, the Board of Directors of the Blue Cross would rather cooperate with O.P.S. than compete with them. The hospitals and the medical profession must be united in this service rather than go at cross purposes. Dr. Ross agreed to these principles.

It was proposed to Dr. Ross, in lieu of this, that the Blue Cross handle the hospitalization program and that O.P.S. handle the medical coverage. Dr. Ross thought this feasible. It was proposed that if each group sold a contract they should sell the contract of the others. Dr. Ross stated that his subscribers had been accustomed to buying their contracts in one package. It was agreed upon by both parties that the most feasible plan would be to have one